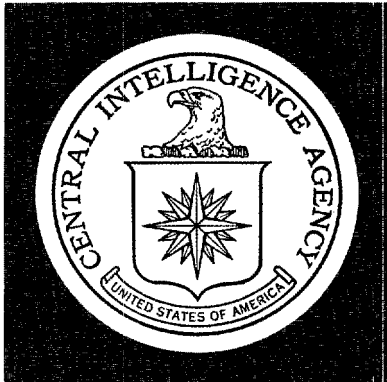


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【South Vietnam: Ground action remained limited to small-unit clashes and light enemy shellings on 9-10 February.

In Saigon, Communist terrorists attacked three more Civilian Self-Defense offices, killing one South Vietnamese and wounding six. These local security offices are relatively vulnerable to attack, and they have been hit at the rate of about one a day during the last two weeks.

Another very large Communist arms cache was uncovered on 9 February by South Vietnamese Marines operating northeast of Tay Ninh city. The find included 250 122-mm. rockets, 37 machine guns, 40 mortars, 300 assault rifles, and some ten tons of small-arms ammunition.

Allied forces captured nearly 240 tons of Communist arms and ammunition in January, 111 tons in December, and 64 tons in November. These losses are almost certainly weakening the enemy's offensive capabilities, and, if Communist offensive plans encounter continuing delays, the enemy may lose even greater amounts cached in forward staging areas. [REDACTED]

[REDACTED] (Map)]

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Berlin: West Germany intends to keep its response to the East Germans' restrictions on access in a low key.

25X1 [] officials tend to view the decree of 8 February simply as another attempt to demonstrate East Germany's opposition to holding the federal assembly in West Berlin rather than as a preliminary to further moves against the city. The West Germans doubt that the decree will actually impede the gathering of presidential electors on 5 March.

25X1 [] the government may call a special meeting of the East and West German trade negotiators to deliver a warning that West Germany is determined to resist hindrances to Berlin access. Bonn will, however, probably avoid any hint of a trade cutback, a measure it claims affords it little leverage on East Germany.

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Also under consideration are measures which would permit Bonn to bar entry into West Germany by East German party officials in the event the East Germans actually do restrict ground access to Berlin.

25X1 [] invitations might be sent to the federal assembly delegates within the next few days. This move would signify that the West Germans are resolved to carry through with the Berlin meeting. []

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Peru: President Velasco and his closest advisers remain convinced that the US will not suspend economic assistance in response to their expropriation of the International Petroleum Company.

Velasco apparently believes that the US will not jeopardize its relations with other nations of Latin America by invoking sanctions. Peru's ambassadors to other Latin American countries are being called home for a meeting on 13 February as the first step in a coordinated effort to gain hemispheric support for the Peruvian position on the IPC issue.

President Velasco's advisers also believe that the US would not risk "turning Peru over to the Communists" by applying sanctions. The military government has moved rapidly to establish diplomatic and commercial relations with the Communist countries, but it is reported to be disappointed with the current trade negotiations with the Soviet commercial mission. The Soviets do not seem interested in buying Peruvian sugar or minerals, while the Peruvians are not interested in the Soviets' offer to sell trucks and mining equipment.

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Brazil: Nearly 20 percent of the Congress has been purged as the government continues its wide-ranging crackdown.

On 7 February the government removed 33 more federal congressmen from office--canceling the political rights of all but three--and summarily retired two military court judges. Those punished appear to have been selected capriciously; over a third of the congressmen were from the progovernment party. In addition five state legislatures were closed--including those of the country's most politically important states, Sao Paulo and Guanabara--for "transgressing against the revolution's ethical principles."

Brazil's National Security Council also has approved the creation of a general military-police commission to investigate "subversive or counter-revolutionary acts." The commission's charter is so sweeping and vague that it could easily open the way for wholesale investigations.

These actions are part of the military's basic plan to "sanitize" the country. Although President Costa e Silva personally might wish to bring this campaign to an early conclusion, he could well jeopardize his own position if he tried to do so.

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USSR-Cuba: Signature of the Soviet-Cuban trade protocol for 1969 ensures another year of Soviet economic support for Havana. The absence of any mention of the planned level of trade is unusual, however, and suggests that trade may not reach last year's estimated total turnover of \$950 million.

Press reports also mention that Moscow has extended another long-term credit to finance Cuba's trade deficit. These credits normally include funds to finance the trade deficit for the coming year plus whatever may be necessary to cover the unfinanced portion of past trade deficits.

The 1968 trade deficit was considerably larger than planned because Cuba shipped far less than the 2.7 million tons of sugar called for in last year's trade protocol. The 1968 deficit is estimated to be close to \$400 million, compared with a deficit of \$250 million in 1967.

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Guatemala: Defense Minister Chinchilla has withdrawn his presidential candidacy only a few weeks after being selected as the Revolutionary Party's 1970 standard bearer.

Chinchilla's action was reportedly in response to objections by party leaders to his demands concerning selection of congressional candidates and filling executive positions in his government. Some pressure may have been exerted to force his withdrawal, although information to confirm this is lacking.

President Mendez' role in the affair is not clear. He was the motivating force behind Chinchilla's selection, yet appears to have agreed readily to his dismissal. Selection of a new candidate probably has already begun and Mendez reportedly has agreed to support the party's choice.

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Tanzania - Communist China: President Nyerere is continuing to seek air defense assistance from Peking, perhaps with the intention of replacing the present Canadian training mission.

Five visiting Chinese Air Force experts have been inspecting Tanzanian air facilities for several weeks. The Canadian advisers who were asked to brief these Chinese gained the impression that they were conducting a survey for the development of an air defense system. Other Chinese are surveying a site near Dar es Salaam for a radar installation which could be connected with either air or naval defense.

The Tanzanians have been looking for jet fighters and related assistance for some time.

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Dar es Salaam would probably prefer a Chinese program, however, particularly if it should prove as inexpensive as earlier Chinese military aid. The Tanzanians are convinced that sooner or later Portugal will retaliate against the bases in Tanzania that support African nationalist guerrilla attacks into Mozambique. They are also frustrated by their present inability to prevent Portuguese overflights. They remain suspicious, moreover, of Canada's NATO ties with Portugal.

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UN: A dispute over the nomination of West Germany to the committee responsible for planning the Second UN Development Decade, an undertaking by the UN to oversee world-wide economic development during the 1970s, is delaying the project.

The 23rd General Assembly has ordered the establishment of a preparatory committee to make policy recommendations to the next two assemblies. This committee will consist of the 27 members of the Economic and Social Council (ECOSOC) plus 27 other appointed nations.

The Soviets and East Europeans sought to deprive West Germany of a seat on the committee by attempting to limit appointees to UN members. This move was defeated when many of the lesser developed countries, recognizing Bonn's importance in the foreign aid field, supported a formula making West Germany's nomination possible. When the West European caucus named West Germany as one of its seven nominees, the Soviets and East Europeans refused to nominate any of their number, attacked the move as illegal, and threatened to boycott preparations if West Germany is appointed.

Western countries, led by the US, UK, and France, have argued that the assembly intended the committee to reflect the geographical distribution of ECOSOC and that each regional group should be allowed to choose its own representatives without threat of veto by another group. They have threatened to boycott preparations if West Germany is not appointed.

Some lesser developed countries may now be reconsidering their support for Bonn. They may calculate that if the preparatory committee never functions, they could have a stronger voice in

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policies through the newly formed intergovernmental group of the UN's Conference on Trade and Development, where they outnumber the industrial countries. The majority, however, recognize the value of Bonn's participation. A number have expressed concern over potential damage to the UN principle that regions should choose their own representatives.

Arenales has appointed 23 nations but has deferred action on West Germany and the three East European seats pending a study of several compromise proposals. His successive postponements of a decision, now scheduled for 20 February, may have fed the controversy.

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NOTE

Zambia - Communist China: President Kaunda shows continued sensitivity to possible political activity by the 300 Chinese surveying the Zambian portion of the TanZam railroad. A Zambian newspaper recently publicized the Chinese influx in a manner that suggests an attempt to provoke Zambian xenophobia. Kaunda reportedly was infuriated by a picture of Chinese workers in Tanzania preaching Maoism to African laborers who were wearing Mao buttons. Zambian officials find it difficult to concentrate on their various security problems simultaneously, however, and further "reminders" may be necessary if the government is to keep the Chinese under adequate surveillance.

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